



Indiana Economic Development Corporation

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February 7, 2011

Pat Casanova, Director of Medicaid
Indiana Family and Social Services Administration
402 W. Washington Street
Indianapolis, IN 46204

Dear Ms. Casanova:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes contained in LSA Document 10-420 and proposed by the Indiana Family and Social Services Administration ("FSSA"). The proposed rule amends 407 IAC 3-3-2 to apply Medicaid prior authorization procedures to the Children's Health Insurance Program ("CHIP"), to require publication of prior authorization policies by CHIP managed care organizations ("MCO"), and to establish other guidelines for the prior authorization procedures of CHIP MCOs. The proposed rule also amends 407 IAC 3-10-1 to cover non-legend drugs in certain circumstances, amends 407 IAC 3-10-2 to establish prior authorization procedures for brand name drugs, amends 407 IAC 3-13-1 to remove over-the-counter drugs from the list of non-covered services.

The FSSA estimates that the majority of the 3,295 physicians participating in the CHIP Program are small businesses. The estimated economic impact of the proposed rule is expected to result from the portion of the proposed rule concerning the Medicaid brand name drug coverage policy. The proposed rule would require prior authorization from the state for brand name drugs which would impose minor administrative expenses on any of these physicians classified as a small business. The economic impact statement prepared by the FSSA estimates that these new administrative costs will be less than \$500,000 annually statewide. Assuming all affected entities are small businesses, this would correspond to an annual impact of approximately \$150 per business.

The IEDC does not object to the economic impact to small businesses associated with the proposed rule. If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

A handwritten signature in black ink, appearing to read "Ryan Asberry".

Ryan Asberry
Assistant Vice President